

Message Text

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ACTION NEA-10

INFO OCT-01 EA-10 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 HA-05 SNM-05 DEAE-00 EB-08 COME-00
TRSE-00 AID-05 OMB-01 /091 W
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R 200858Z JAN 78
FM AMEMBASSY KATHMANDU
TO SECSTATE WASHDC 807
INFO AMEMBASSY COLOMBO
USLO PEKING
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY KABUL
AMEMBASSY NEW DELHI
AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 1 OF 2 KATHMANDU 0387

(C O R R E C T E D - C O P Y --PEKING ADDED AS INFO ADDEE)

E.O. 11652: GDS
TAGS: BEPR, NP, IN, BG, EAID
SUBJECT: CALL OF FOREIGN MINISTER ARYAL

1. AMBASSADOR, ACCOMPANIED BY DCM, CALLED ON FOREIGN MINISTER ARYAL JANUARY 18. AFTER TAKING UP SEVERAL SPECIFIC MATTERS INCLUDING DESIRABILITY OF NEPAL'S ADHERENCE TO INTERNATIONAL CONVENTIONS DEALING WITH AIRCRAFT SECURITY AND HIJACKING (SEPTEL), AMBASSADOR NOTED THAT HE WOULD BE LEAVING SHORTLY FOR CONSULTATIONS IN WASHINGTON AND WELCOMED OPPORTUNITY TO HAVE FOREIGN MINISTER'S ASSESSMENT OF OUR BILATERAL RELATIONS AND HIS THOUGHTS ON STATE OF NEPAL'S RELATIONS WITH INDIA AND OTHER NEIGHBORS.

2. STARTING WITH OUR BILATERAL RELATIONS, AMBASSADOR RE-
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CALLED HIS FIRST MEETING WITH FOREIGN MINISTER IN JULY 1977 DURING WHICH HE HAD INFORMED FOREIGN MINISTER THAT NARCOTICS AND HUMAN RIGHTS WERE CONSIDERED PRIORITY ISSUES BY THE PRESIDENT. IN LAST SIX MONTHS THESE TOPICS HAD BEEN DISCUSSED AT VARIOUS LEVELS WITH HMG AND AS A RESULT OF STEPS TAKEN BY NEPAL IN BOTH AREAS, AMBASSADOR FELT MORE COMFORTABLE ABOUT BOTH MATTERS AND DID NOT

CONSIDER EITHER OF THEM ISSUES WHICH NEED IMPINGE ON WHAT APPEARED TO BE EXCELLENT STATE OF OUR RELATIONS. ARYAL AGREED THAT OUR RELATIONS WERE GOOD AND LATER IN CONVERSATION REVERTED TO THIS POINT BY ASKING WHETHER AMBASSADOR FORESAW ANY PROBLEM DEVELOPING IN THE FUTURE. AMBASSADOR REPLIED "NO"; PROSPECTS FOR CONTINUED GOOD RELATIONS WERE BRIGHT AND THIS WOULD PERMIT US TO GET ON WITH DAILY BUSINESS OF COLLABORATING WITH HMG IN SUPPORT OF ITS DEVELOPMENTAL EFFORT. IN THIS AREA THERE WERE BOUND TO BE PROBLEMS, ESPECIALLY SINCE NEW PROJECTS WE WERE DISCUSSING WITH HMG WERE COMPLICATED, WOULD TAKE TIME TO SHOW RESULTS AND COULD NOT KEEP UP WITH RISING EXPECTATIONS. ARYAL AGAIN INDICATED AGREEMENT, ADDING HE FELT IT FAR BETTER TO DEVELOP SOUND PROJECTS EVEN THOUGH THIS TOOK TIME RATHER THAN RUSH INTO QUICK-IMPACT PROJECTS WHICH FREQUENTLY WERE OF LITTLE BENEFIT TO PEOPLE.

3. AS FOR RECENT DEVELOPMENTS IN SOUTH ASIA AFFECTING NEPAL, FOREIGN MINISTER SAID THAT GENERAL ATMOSPHERE IN AREA WAS BETTER AND PROSPECTS FOR PEACE, STABILITY AND REGIONAL COOPERATION HAD IMPROVED. MORE SPECIFICALLY, NEPAL'S RELATIONS WITH BANGLADESH WERE CLOSER AS A RESULT OF PRESIDENT ZIA'S VISIT HERE AND KING'S VISIT TO DACCA. NEPALESE ALSO CONSIDERED THAT THEIR RELATIONS WITH INDIA HAD IMPROVED. NEPAL HAS WELCOMED
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STATEMENTS OF NEW INDIAN LEADERSHIP BUT IS WAITING TO SEE IF GOI'S ACTIONS ON SPECIFIC ISSUES OF INTEREST TO NEPAL MEASURE UP TO THESE STATEMENTS. ARYAL SAID PRIME MINISTER DESAI WAS SINCERE AND WELL-INTENTIONED BUT THERE WERE DIVISIONS WITHIN THE GOI, AND AMONG DIFFERENT MINISTERIES AND IN ADDITION INDIAN BUREAUCRACY WAS NOT ALWAYS RESPONSIVE TO DIRECTIVES OF PRIME MINISTER DESAI AND POLITICAL LEADERSHIP. IN ANSWER TO OUR QUESTION ABOUT TRADE AND TRANSIT TREATIES AND SEPARATE AGREEMENT ON DEFLECTION OF TRADE, ARYAL SAID HE WAS HOPEFUL AGREEMENT ON PRINCIPLES WOULD BE REACHED AT TALKS CURRENTLY GOING ON IN DELHI BETWEEN NEPALESE AND INDIAN OFFICIALS.

4. IN RESPONSE TO THE AMBASSADOR'S QUERY ABOUT REGIONAL COOPERATION FOR WATERS DEVELOPMENT, ARYAL SAID THAT BANGLADESH WAS INTERESTED IN SUCH COOPERATION. WITH REGARD TO INDIA, NEPAL WAS CONCERNED NOT TO REPEAT THE ARRANGEMENTS OF SOME PAST BILATERAL AGREEMENTS IN WHICH BENEFITS SEEMED TO GO PRINCIPALLY TO INDIA AT NEPAL'S EXPENSE. NEPAL WANTS TO BE SURE THAT ITS OWN INTERESTS ARE PROTECTED IN ANY UNDERTAKING FOR REGIONAL WATERS CONTROL AND

DEVELOPMENT. IN THIS CONNECTION, HE NOTED WHAT HE
THOUGHT WAS A DISCREPANCY BETWEEN THE REMARKS OF

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C O N F I D E N T I A L SECTION 2 OF 2 KATHMANDU 0387

PRESIDENT CARTER AND BRITISH PRIME MINISTER CALLAGHAN
ON THE SUBJECT. HE SAID PRESIDENT HAD CALLED FOR
REGIONAL COOPERATION TO BENEFIT THE PEOPLES OF INDIA,
BANGLADESH AND NEPAL, WHEREAS CALLAGHAN HAD SAID SOMETHING
ALONG THE LINES OF COOPERATION BETWEEN INDIA AND BANGLADESH,
WITH NEPAL PERHAPS COMING IN AT SOME LATER STAGE. HE
ASKED FOR THE AMBASSADOR'S VIEWS ON THIS, AND THE AMBASSADOR
REPLIED THAT HE WAS NOT AWARE OF THIS DISCREPANCY AND COULD
SPEAK ONLY TO PRESIDENT CARTER'S VIEWS, WHICH ARE BASED
ON THE NEED FOR THE DEVELOPMENT OF THE ENTIRE GANGETIC PLAIN
AND ON THE PREMISE THAT COOPERATION WOULD HAVE TO INVOLVE
THE THREE COUNTRIES OF INDIA, BANGLADESH, AND NEPAL, AND
PERHAPS OTHERS. THE AMBASSADOR THEN ASKED THE FOREIGN
MINISTER ABOUT THE POSSIBLE INVOLVEMENT OF CHINA IN SUCH
AN UNDERTAKING. ARYAL SAID NEPAL WOULD LIKE TO SEE CHINA
INVOLVED, AS THE BRAHMAPUTRA RISES IN CHINA, AND IN ADDITION,
THE INVOLVEMENT OF CHINA IN SUCH A MULTILATERAL ACTIVITY
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MIGHT HELP PROMOTE BETTER BILATERAL SINO-INDIAN RELATIONS, BUT HE DID NOT KNOW CHINA'S ATTITUDE. THE AMBASSADOR ASKED WHETHER THE QUESTION MIGHT BE DISCUSSED WHEN CHINESE VICE PREMIER TENG VISITS NEPAL, AND ARYAL INDICATED THAT IT WOULD BE.

5. ON QUESTION OF DIRECTION OF NEPAL'S FUTURE DEVELOPMENT, ARYAL SAID THERE WERE THOSE WHO FELT THAT NEPAL SHOULD DEVOTE MORE ATTENTION AND RESOURCES TO INDUSTRIALIZATION. HE DISAGREED, BELIEVING THAT AGRO-INDUSTRY AND POSSIBLY MINERAL EXPLORATION WERE KEYS TO NEPAL'S DEVELOPMENT. GIVEN ITS PROBLEMS OF TRANSPORTATION, IT WAS NOT FEASIBLE FOR NEPAL TO THINK IN TERMS OF IMPORTING RAW MATERIALS AND EXPORTING MANUFACTURED GOODS. HE SAID THAT, ON THE BASIS OF HIS RECENT VISITS TO BURMA AND MALAYSIA, HE THOUGHT THAT AGROINDUSTRY DEVELOPMENT SHOULD BE PRIORITY TARGET FOR BOTH SOUTH AND SOUTHEAST ASIA.

6. ANOTHER ITEM OF IMPORTANCE TO REGIONAL DEVELOPMENT, ACCORDING TO ARYAL, WAS THE SHAH OF IRAN'S PROPOSALS FOR AN ASIAN HIGHWAY, RAILWAY AND COMMON MARKET. HE SAID HE UNDERSTOOD THAT INDIA HAD NO PROBLEMS WITH THIS PROPOSAL BUT THAT PAKISTAN WAS LUKEWARM AT BEST, PARTLY BECAUSE OF ITS PROBLEMS WITH BOTH AFGHANISTAN AND INDIA. ARYAL SUGGESTED THAT NEPAL MIGHT BE ABLE TO HELP IN PROMOTING THESE CONCEPTS WITH PAKISTAN AND SUGGESTED THAT U.S. COULD ALSO BE HELPFUL IN OVERCOMING PAKISTANI APPREHENSIONS. ONE OF REASONS FOR NEPAL'S INTERESTS IN SHAH'S PROPOSALS WAS THAT DOWN THE LINE THERE MIGHT BE MARKET FOR OTHERS BESIDES INDIA TO PURCHASE NEPALESE HYDRO-ELECTRIC POWER.

7. IN THE CONTEXT OF REGIONAL DEVELOPMENT, ARYAL ALSO STATED THAT INDIA SHOULD STOP THINKING THAT IT HAS THE CONFIDENTIAL

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DEFENSE RESPONSIBILITY FOR THE WHOLE AREA SOUTH OF THE HIMALAYAS AND STOP TREATING ITS NEIGHBORS AS "PROTECTORATES". THE GORKHA PEOPLE, HE SAID, CAN FIGHT FOR THEMSELVES AND DO NOT WANT OTHERS TO DEFEND THEM. INDIA SHOULD RECOGNIZE THAT IT IS IN ITS OWN REAL INTEREST TO HAVE A STRONGER NEPAL, AND SHOULD CONTRIBUTE TO THIS BY GIVING BOTH DEFENSE EQUIPMENT AND DEVELOPMENT ASSISTANCE.
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